SUMMARY REPORT:

Gambling and Crime in Western Canada: Exploring Myth and Reality

by Drs. Garry Smith and Harold Wynne

MAIN FINDINGS

Illegal gambling

- *Illegal gambling is not pervasive throughout western Canada. It is, however, extensive in the four largest cities (Vancouver, Calgary, Edmonton, and Winnipeg), less so in medium-sized cities, and a minor concern in rural areas.*

- *Illegal gambling patrons are mostly male players from all walks of life including professionals, lawyers, doctors, dentists, teachers, blue collar workers, addicted gamblers, and known criminals. The shady players are more aptly characterized as being "hustlers" rather than "hardened criminals."*

- *In western Canada, expanded legal gambling has a dampening influence on some illegal gambling formats, a negligible effect on others, and in some cases, may stimulate the growth of illegal gambling.*

- *The dearth of corruption associated with western Canadian legal gambling operations is a result of provincial gaming licensing and regulatory procedures being effectively implemented, monitored, and enforced.*

Crimes associated with legal gambling

- *There is no evidence that organized crime has infiltrated legal gambling operations in western Canada. The legal gambling industry has not been contaminated by organized crime because it is, essentially, a publicly owned, operated and regulated enterprise.*

- *Gambling venues, notably casinos and racetracks, act as magnets for certain types of crime. For instance, it is well known to police that casinos and racetracks are preferred locations for laundering the proceeds of crime.*

Crimes of problem gamblers

- *The types of crimes committed by problem gamblers include theft, forgery, embezzlement, fraud, credit card scams, domestic violence, break and enters, and suicide. The consensus of both police officials and gaming regulators is that legal gambling formats are well regulated, but that illegal gambling enforcement is severely deficient.*

Gambling and the Court System

- *Gambling-related cases that appear before the courts in western Canada are few in number and generally of two broad types: (1) cases where obtaining money to gamble or pay gambling debts leads to criminal charges (e.g. theft, fraud, break and enter, drug dealing), and (2) cases of illegal gambling based on Criminal Code of Canada violations (e.g. cheating at play, illegal lottery sales, unlicensed gambling on Native lands, keeping a common gaming house).*

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PURPOSE OF THE STUDY

In less than thirty years Canadian provinces have expanded the legal gambling marketplace from modest and restricted offerings to a cornucopia of wagering options. In 1998, the estimated net gambling revenue per adult in the four western provinces was as follows: BC–$160.88, up 8.8% over the last five years; Alberta–$404.09, up 155%; Saskatchewan–$340.36, up 173%; and Manitoba–$286.85, up 80% (Azmier and Smith, 1998). If illegal gambling revenues were part of the equation, the per capita totals would be significantly higher. Legislators contend that this expansion of legal gambling is a strategic intervention that provides jobs and new forms of entertainment, funds charities, non-profit groups, and civic betterments, and discourages the intrusion of organized crime. While there may be validity in these assertions, there are counterbalancing social costs that must be weighed when discerning whether or not expanded legal gambling produces a net gain for western Canada.

Because there are so few empirical Canadian-based studies dealing with the relationship between gambling and crime, this report is exploratory in nature. The purpose of this report is to examine the relationship between crime and gambling and to provide a preliminary review of the extent to which gambling in western Canada affects law enforcement agencies, provincial gaming regulatory bodies, and the criminal justice system. The investigation centres on three aspects of the gambling and crime nexus: (1) illegal gambling; (2) crimes associated with legal gambling; and (3) crimes committed by problem/pathological gamblers. Specifically, the study focuses on the evolution of Canadian law pertaining to gambling, the amount and types of legal and illegal gambling currently available in western Canada, and criminal behaviour that is linked to gambling (e.g. crimes committed by problem gamblers to support their habit and crimes that occur in and around gambling venues). In addition to documenting the crime and gambling connection, the study examines how gambling-related crime is monitored and enforced by law enforcement agencies and addressed by the justice system. The study concludes by examining the public policy implications of the research findings.

Because this is a preliminary study that uses a qualitative research strategy, it is not possible to make definitive statements, and consequently, the conclusions offered are conservative, in keeping with the limitations of the research methodology. To assist the reader in interpreting the data, the following is a brief overview of the studies findings some conclusions and implications based on these findings and a commentary on the myths and realities pertaining to gambling and crime.

OVERVIEW

The various sources of information provide somewhat different perspectives on the relationship between crime and gambling in western Canada. This was anticipated, as each of the various data sources depict the gambling and crime connection in slightly different ways. For example, the print media view gambling in general, and gambling and crime in particular, to be "sexy" topics. Because there is still a certain mystique about gambling, and often a whiff of intrigue and scandal, readers find the topic alluring compared to more mundane news items. As a consequence, there has been a steady supply of crime and gambling-related news items in the past few years. The frequency with which these stories appear, and the column inches

METHODOLOGY

The research design consisted of a series of interviews administered to the law enforcement and judicial community in Western Canada.

RCMP Sergeant Bob McDonald, Bureau Manager, Criminal Intelligence Service Alberta (CISA), an acknowledged Canadian expert in the area of gambling and crime, provided valuable input that was incorporated into the research design.

In general terms, the respondents represented the following categories: experienced RCMP and municipal police officers who are familiar with legal and illegal gambling, organized crime, and the proceeds of crime; provincial gaming regulators, who, by in large, are former police officers; casino and racetrack senior executives; and judicial system personnel.

devoted to the topic, might lead readers to believe that gambling-related crime is rampant in western Canada.

At present, it is virtually impossible to accurately assess the quantity and magnitude of gambling-related crime in western Canada. Judging by official police statistics and court records, gambling-related crime is not a serious problem. However, these databases do not tell the full story, mainly because the official records seldom specify a gambling connection, monitoring and controlling illegal gambling is a low priority for police agencies, and in some instances, legal gambling security staff handle problems internally.

Municipal police and RCMP respondents maintain that their intelligence reports show evidence of a considerable amount of gambling-related crime, but because of dwindling resources, they cannot give the problem the attention it deserves. In general, the police agencies believe that some forms of illegal gambling are flourishing because the activity has lost its social stigma and because law enforcement agencies and the judicial system are largely ignoring it. While police officials agree that the operational side of legal gambling is relatively clean, they also submit that the legal gambling milieu is a fertile location for illegal activity and, in some cases, a conduit to launder the proceeds of crime. The crimes that are related to legal gambling venues are of two main types: crimes committed by problem gamblers, and crimes designed to extricate the freely circulating cash that exists in and around these venues.

Gaming regulators and gambling industry executives acknowledge that there is a relationship between gambling and crime and probably always will be. They disagree with police authorities, however, about the scope of the problem. From the regulatory and industry perspective, police officials may be magnifying the problem in hopes of bolstering their economic and human resources. The police rebuttal to this argument is that regulators and industry personnel have a vested interest in minimizing the problem. Realizing that legal gambling is still a political "hot potato," the police agencies believe that those who regulate the industry and work in it may be downplaying the gambling and crime connection, because for this group, the lower the gambling/crime profile the better.

Justice system informants report seeing more gambling-related criminal cases as the legal gambling menu expands, however, these cases still constitute a small minority of the overall number of cases that come to trial.

THE HISTORY OF CANADIAN GAMBLING LAW

In 1892, the first Criminal Code of Canada, which "codified the existing common law on crimes, including gaming" (Robinson, 1983, p 58) was formalized. In a section titled "Offences against religion, morals and public convenience," it was deemed unlawful to keep common gaming houses, conduct lotteries, cheat at play, and gamble in public conveyances. Between 1892 and 1969, the main changes to the gambling provisions in the Criminal Code were to permit small raffles (1900); introduce the term "lottery scheme" (1906); allow on-track wagering on horse races (1910); prohibit dice games, shell games, punch boards (1922), and three card monte (1927); and permit games of mixed chance and skill at annual agricultural fairs (1925) (Campbell, 1994).

DATA COLLECTION AND ANALYSIS

The study relied, to a great extent, on the perceptions of key informants gained through face-to-face and telephone interviews. Other qualitative data sources included research articles gathered through an extensive literature review, official court records of criminal cases identified through computer searches, and a review of print media stories.

An effort was made to obtain statistical data relative to the incidence of gambling-related crimes. However, as none of the law enforcement agencies in the western provinces keep records detailing whether gambling is a contributing factor to the commission of a crime, these quantitative data are incomplete.

Two modern-day, watershed amendments to the Criminal Code (1969 and 1985) have subsequently facilitated the expansion of gambling in Canada to the point where there is now a major gambling industry generating significant amounts of capital for both public and private sector interests (Campbell and Smith, 1998). The 1969 amendment was driven by the persistent lobbying of Quebec politicians who were seeking public funding to subsidize two international extravaganzas hosted by the city of Montreal Expo 67 and the 1976 Summer Olympics. When legislated in 1969, the amendment gave the federal or provincial governments the option to run provincial lotteries and expanded charity gambling to include casinos. This revision prompted one academic to describe the criminal statutes pertaining to gambling as "a patchwork of fossilized law" (Glickman, 1979, p 11).

CRIMINAL CODE PROVISIONS RELATED TO GAMBLING:

Section 201 makes it an indictable offense to keep a common gaming or betting house and an offense punishable on summary conviction to knowingly lease or own such an establishment or be "found in."

A further amendment to the Criminal Code's gambling provisions in 1985 gave provincial governments exclusive control over gambling, legalized the use of computer, video, or slot devices for gambling purposes, and repealed the antiquated prohibition against gambling on public conveyances. This change paved the way for provinces to offer video lottery terminal and slot machine gambling which has added billions of dollars to provincial government coffers in less than a decade (Azmier and Smith, 1998).

Taken together, the changes in the Criminal Code's gambling provisions over the past three decades have demonstrated two significant trends:

- a clear transition from criminal prohibition to legalization; and
- a consistent pattern of lesser federal responsibility and greater provincial authority over gambling matters (Campbell and Smith, 1998).

Section 202 describes several offenses related to betting, selling of pools, bookmaking and wagering. In essence, it is an indictable offence to charge a fee to handle wagers or to take a portion of the stakes or proceeds as payment for operating a gambling event.

Two major consequences of these trends were: (1) a rapid escalation of new gambling formats, with a particular emphasis on fast-paced games with minimal skill requirements; and (2) expanded gambling being driven by gambling industry stakeholders (charities, provincial and municipal governments, gaming management firms, gambling equipment suppliers, and hospitality and tourism officials) and virtually never by the general public.

Since 1969, the spread of legal gambling in its many forms and the concomitant interest and participation by the Canadian public has led to a softening of anti-gambling attitudes and broad public acceptance of most forms of the activity. However, as Beare (1989, p 177) notes, the rapid expansion of legalized gambling has created a sense of ambiguity that has "resulted in inconsistent policy, limited research and evaluation, inadequate funding for gaming regulation and enforcement, and little concern for the potential social consequences of gambling." An unintended consequence of the decriminalization of various gambling formats has been a relaxation in the enforcement of those statutory prohibitions against gambling that are still in effect.

Section 203 makes it an offense to place bets on behalf of others and essentially prohibits certain types of off-track betting schemes.

ILLEGAL GAMBLING IN CANADA

Illegal gambling in Canada refers to all gambling formats or operations that are explicitly outlawed in the Criminal Code or not covered by its provisions. Canadian law enforcement agencies have a general awareness of the nature and scope of illegal gambling in their area, but in most instances their official records do not provide an accurate picture of the illegal

gambling scene. Consequently, knowledge of illegal gambling is "shrouded in misconception, mythology, and misinformation" (Rosecrance, 1988, p 88). Taken-for-granted assumptions that remain unresolved research issues include popular beliefs that:

- organized crime plays a major role in illegal gambling;
- illegal gambling revenues can reasonably be estimated, and that they rival legal gambling revenues;
- there is an undercurrent of violence, corruption of public officials, and cheating associated with illegal gambling;
- expanded legal gambling offerings will reduce the incidence of illegal gambling; and
- illegal gambling can be, and is, effectively controlled.

The Canadian Centre for Justice Statistics (a division of Statistics Canada) does provide some records of the scope of illegal gambling, but the usefulness of these data is limited. Through the Uniform Crime Reporting survey completed by every police agency in Canada, the number of reported gambling and betting offences that have been substantiated is very low with only 421 police-reported gambling and betting offences recorded in Canada in 1997. This paucity of offences likely reflects the lack of official reporting of incidents on the part of the police agencies, and is probably not a reflection of the actual scope of illegal gambling. The following table summarizes the state of illegal gambling record keeping in western Canada.

Section 204 provides that sections 201 and 202 do not apply to certain pari-mutuel betting enterprises, which are organized and supervised under the auspices of the federal Minister of Agriculture. These provisions permit traditional wagering on horse racing.

Section 206 essentially makes all other forms of gambling illegal.

Section 207 provides exceptions to the prohibited gambling activities outlined in section 206 and, with the exception of pari-mutuel betting on horse races, lists a range of permitted or non-criminal gambling activities under provincial authority.

Number of Police-Reported Gambling and Betting Offences

	REPORTED OFFENCE	MANITOBA	SASKATCHEWAN	ALBERTA	B.C.
1994	*Betting House*	*0*	*0*	*0*	*1*
	Gaming House	*8*	*0*	*1*	*9*
	Other	*6*	*6*	*11*	*46*
	Total	***14***	***6***	***12***	***56***
	Persons Charged [1]	*13*	*4*	*5*	*14*
1995	*Betting House*	*0*	*0*	*0*	*1*
	Gaming House	*0*	*0*	*4*	*9*
	Other	*12*	*5*	*31*	*45*
	Total	***13***	***28***	***35***	***55***
	Persons Charged [1]	*2*	*1*	*9*	*15*
1996	*Betting House*	*0*	*0*	*0*	*1*
	Gaming House	*3*	*1*	*1*	*13*
	Other	*10*	*9*	*242*	*23*
	Total	***13***	***10***	***243***	***37***
	Persons Charged [1]	*7*	*4*	*6*	*20*
1997	*Betting House*	*0*	*0*	*0*	*2*
	Gaming House	*0*	*1*	*1*	*13*
	Other	*10*	*14*	*55*	*46*
	Total	***10***	***15***	***56***	***61***
	Persons Charged [1]	*1*	*11*	*17*	*22*

SOURCE: Statistics Canada Catalogue No. 85-205XPE, 85-205E, 85-205

[1] refers to the number of people charged not the actual number of charges (i.e., a person could be charged with more than one offence)

Revenue estimates for illegal gambling run as high as $100 billion per year in the United States (Dunstan, 1997) and the Ontario Illegal Gaming Enforcement Unit director claims that revenues from illegal gambling in his province are 34 times higher than legal gambling revenues. Even if these claims are wildly exaggerated, if the ratio between legal and illegal gambling revenues is even roughly the same in western Canada, a significant amount of illegal gambling is going unchecked.

Police sources say that illegal gambling operations in western Canada are generally not easily accessible to the public. Wary illegal game operators make it their business to know the players: Are they trustworthy? Do they have the money to play in high stakes games? Are they disruptive? Are they undercover cops? Illegal gambling houses are typically found in social clubs (often ethnic-based) that employ restrictive membership policies.

Illegal VLTs are usually kept out of public view and reserved for regular customers. Those that are on public display often carry signage stating "for amusement only." Operators take this precaution to establish a pretext of legitimacy. In truth, play will be for amusement only for unknown clients or inquiring law enforcement agents; trusted regulars, however, can play the machines and build up credits which the proprietor will cash in.

LIMITATIONS OF THE STUDY

There are three main limitations of this study:

1. Documentary and statistical data were limited as neither law enforcement agencies nor courts compile comprehensive data reports on the incidence of gambling-related crime.

Furthermore, most of the criminal cases that appear in provincial courts do not have written transcripts filed with the court record; while this is less the case in Court of Queen's Bench, fewer gambling-related criminal cases appear in this higher court. In light of this discrepancy, it is conceivable that court cases reported in this study are not representative of gambling-related criminal cases, either in terms of volume or type.

Findings

- Illegal gambling is not pervasive throughout western Canada. It is, however, extensive in the four largest cities (Vancouver, Calgary, Edmonton, and Winnipeg), less so in medium-sized cities, and a minor concern in rural areas.

- The most prominent illegal gambling formats are sports betting with a bookmaker, card clubs, unlicensed VLTs, and offshore lottery sales. Generally these illegal gambling formats are not easily accessible to the public, with the notable exception of the Vancouver area, where illegal gambling operations are more open.

Implications

Illegal gambling operations are unevenly distributed across western Canada, therefore law enforcement initiatives should be intensified in the four major cities and, to a lesser extent, in medium sized communities. An inter-provincial "crime and gambling task force," comprised of municipal police agencies, the RCMP, and provincial gaming regulators should be formed and given the resources to develop strategies and programs to combat illegal gambling. One of the first tasks of the group would be to sort out their roles and responsibilities for illegal gambling oversight in light of their respective mandates.

ILLEGAL GAMBLING OPERATOR AND PLAYERS

Illegal gambling is prevalent in western Canada because gambling in general has lost some of its moral stigma and because the most popular illegal games–sports betting and gaming houses–compete well with their legal counterparts in terms of offering longer hours of operation, better odds, lines of credit, telephone betting, and individual game bets. Perhaps because violence and paid-off public officials are no longer an integral part of illegal gambling operations, the public perceives illegal gambling to be a relatively harmless activity. Police

respondents say that this impression is misleading because the proceeds from illegal gambling are often intertwined with more serious criminal activity such as drug trafficking.

Based on investigations over the years, police officer informants surmise that illegal gambling ventures can be extremely lucrative. For example, one RCMP officer estimates that six illegal gambling machines netted a total of $250,000 in a half-year period. A typical house win from an average illegal machine is $6,000 to $7,000 per month. Even though bookmaking offers a small profit margin, police respondents' claim that a large bookmaking operation can handle over $1 million in wagers a week during the football season when betting volume is highest. Stakes can also run high in Asian fan tan and mah jong games where $100,000 losses are not uncommon and cars, homes, and businesses are known to change hands.

Findings

- Illegal gambling operations are housed in a variety of venues, many of which are legitimate businesses or social clubs (e.g. restaurants, bars, coffeehouses, pool halls, corner grocery stores, and arcades).

- Illegal gambling patrons are mostly male players from all walks of life—professionals (lawyers, doctors, dentists, teachers), blue collar workers, addicted gamblers, and known criminals. The shady players are more aptly characterized as being "hustlers" rather than "hardened criminals."

- Illegal gambling encompasses a variety of formats, the most common of which are sports bookmaking, gaming houses featuring games such as poker, mah jong, and fan tan, and unauthorized electronic gambling machines.

- Illegal gambling operations are profitable businesses that compete effectively with legal gambling formats by providing better odds, special customer services, and familiar surroundings, in many instances for specific social or ethnic groups. Violence and bribery are not necessary for illegal gambling operations to thrive; rather, customer service and, ironically, "honesty"—values generally associated with successful, respected business ventures—ensure patron loyalty.

Implications

In the four largest western Canadian cities—especially Vancouver—illegal gambling locations are generally known to law enforcement agencies or can be readily identified through surveillance operations. Investigations are seldom mounted against these establishments, unless there is a specific complaint, for two main reasons: (1) well-planned undercover operations take time and consume police manpower and financial resources; and (2) the return on this investment as measured by convictions and accompanying stiff penalties for the perpetrators is very low. Unless municipal police forces and the RCMP receive the administrative encouragement and resources to investigate illegal gambling, it will remain viable and, probably even increase, especially in the four largest western Canadian cities.

The federal government should consider amending the Criminal Code to allow single event sports betting. The present law that makes single event sports betting illegal if a

Limitations (con't)

2. The nature of perceptual data is subject to the selective memory or respondents; they do not have total recall of experiences and events in their lives. This limitation is lessened through the triangulation of perceptual data with other sources of information (literature review, newspaper accounts, and case law). Nevertheless, the limitation is recognized.

3. The sample of gambling industry respondents was limited to casino and racetrack senior officials because they take the most extensive security precautions to prevent gambling-related crime.

commission is charged for handling the wager technically makes criminals out of normally law-abiding citizens. The fact that many upstanding citizens like to bet on individual sporting events supports bookmaking, which is an illegal activity. Changing the law would produce the practical benefit of decriminalizing a popular form of wagering and allow provincial lottery corporations to shut the door on independent bookmakers, in addition to augmenting their gambling revenues.

The lower mainland area of BC is considered a hotbed of illegal gambling activity; one police officer describes the situation as "out of control."

ILLEGAL GAMBLING AND ORGANIZED CRIME

A frequently cited justification for expanding legal gambling is to blunt the influence of organized crime. Whether this actually happens is not known because there is no accurate way of assessing organized crime involvement in illegal gambling, either before or after gambling expansion. Despite considerable variation in respondents' perceptions of organized crime links to gambling, respondents do recognize an organized crime presence in illegal gambling in western Canada's major cities, but not to the point where these groups control the market. The revenues generated by organized crime groups through illegal gambling are substantial, but secondary in comparison to the profits gleaned from the drug and sex trades.

Organized crime groups do not dominate illegal gambling in western Canada, and their sphere of influence is usually limited (for instance, to a particular ethnic group). Sometimes individual members of organized crime groups are involved in illegal gambling operations with individuals who have no gang connections. Controlled markets, restricted entry, price fixing, high levels of violence, and bribing public officials to look the other way characterize traditional organized crime gambling monopolies. There is little evidence to indicate that these tactics are being used or that organized crime groups derive significant portions of their income or power from illegal gambling activities. For the most part, illegal gambling is a supplementary activity that takes a back seat to more serious and lucrative illicit activities.

The point emphasized by law enforcement officials is that illegal gambling seems innocuous, however, based on their experience this belief is misleading; illegal gambling ventures are often part of a chain of events that include more serious crimes.

Law enforcement agents agree that organized crime's involvement in gambling is seldom just about gambling. Gambling complements other illegal activities such as loan sharking and money laundering and is a way to accumulate money that can be directed to other illicit purposes. For example, in the earlier noted incident where a social club netted $250,000 in six months from their illegal machines, the revenue was used to purchase cocaine for resale, to yield an even larger profit. In following the money trail, respondents say the cocaine transaction led to several beatings and home invasions. The point emphasized by law enforcement officials is that while illegal gambling seems innocuous, it is not. Illegal gambling ventures are often part of a chain of events that include more serious crimes.

Another variant of organized crime profiting from gambling involves well-orchestrated cheating conspiracies. One police official describes an investigation whereby members of an international group of gambling cheats were identified and subsequently arrested for cheating at Ontario's Casino Rama in January 1997. Ontario law enforcement officials performed an in-depth analysis of the group and identified forty-four individuals who had participated in cheating incidents at eighteen casinos across North America. Five of the casinos were Canadian-based: one in Quebec, two in Ontario and two in Alberta.

Findings

- Organized crime operations—which are commonly associated with ethnic or motorcycle gangs—are active in the four largest western Canadian cities. These groups tend to be involved in drug trafficking, the sex trade and other criminal activities (e.g. theft, extortion, assault). There is organized crime activity that is linked to both legal and illegal gambling operations (e.g. gaming houses, unlicensed machines, cheating at play, money laundering, and loan sharking).

- There is no evidence that organized crime has infiltrated legal gambling operations in western Canada. The legal gambling industry has not been contaminated by organized crime because it is, essentially, a publicly owned, operated and regulated enterprise. Where private interests are permitted, they are strictly licensed and inspected by provincial gaming regulators. This scrutiny includes thorough background checks for all industry personnel.

Police officials suspect that illegal sports betting flourishes because the government operated sports betting format is perceived by prospective players as unfair.

Implications

Government ownership of most gambling formats along with a tightly regulated gambling industry in western Canada makes it exceedingly difficult for organized crime interests to penetrate legal gambling operations. However, organized crime groups do exploit opportunities that arise in and around these venues (e.g. cheating, money laundering, counterfeiting, loan sharking, drug dealing). Law enforcement agencies, provincial gaming regulators, and gambling industry security personnel should confer regularly to discuss the incidence and nature of criminal activities that spin off from casinos and racetracks, with a view to sharing intelligence and devising joint strategies to mitigate these crimes.

One police respondent speculates that "a high percentage of casino profits comes from illegal sources because 80% of the high rollers are criminals; they have no visible income to do the kind of gambling they are doing."

ILLEGAL GAMBLING AND CORRUPTION

While corruption has not surfaced as a major problem in western Canadian gambling investigations, isolated instances of "questionable practices" have been reported (e.g. skimming at a First Nations casino and favouritism in the granting of gaming licenses). While the legal gambling industry in western Canada is largely free from corruption, law enforcement officials remain vigilant for occurrences of influence peddling.

Findings

- The abscence of corruption associated with western Canadian legal gambling operations is a result of provincial gaming licensing and regulatory procedures being effectively implemented, monitored, and enforced.

Implications

While instances of gambling-related crime, corruption, and scandal are shocking and sensational, as evidenced in the BC "Bingogate" improprieties, these cases are relatively rare in Canada. More common are examples of gambling-related influence peddling and patronage on the part of a few politicians and bureaucrats. However, even these irregularities are uncommon. Law enforcement respondents make a valid suggestion when they recommend that each province have an audit mechanism to review gambling industry contracts. This practice will help to ensure that, as legal gambling expands in western Canada, it will continue to do so free of corrupting influences.

ILLEGAL GAMBLING AMONG ETHNIC POPULATIONS

Several ethnic groups have been singled out for their avid interest in gambling (e.g. Australians, Middle Easterners, and Chinese). In western Canada there is a noticeably high proportion of Chinese and Vietnamese gamblers who frequent casinos, racetracks, and illegal card rooms. These ethnic gamblers prefer familiar games such as mah jong, fan tan, sic bo, pai gow, and the simulcasted horse races from Hong Kong.

Some gamblers reportedly drive up to four hours with their families to attend simulcast horse races from Hong Kong, despite the fact that the races run from 10 p.m. to 3 a.m. because of the time difference.

Findings

- Illegal gambling operations that cater exclusively to Asian players are reportedly commonplace in the Chinatown areas of the four largest western cities. Police officials perceive Asians to be heavy gamblers (i.e. willing to make large wagers) and contend that Asians are disproportionately involved in gambling-related crime.

Implications

Although illegal gambling operations in Chinatown areas offer specialized customer services and a comfortable atmosphere for Asian gamblers, these activities are, nonetheless, illegal and patrons of these establishments risk being victims of gambling-related crime. Gambling law enforcement efforts in these ethnic enclaves should involve Asian community leaders and organizations to provide insight into the significance of gambling in the Asian culture. Conceivably, gaming licensing and regulation procedures could be amended to allow traditional Asian gambling in designated areas. With the cooperation and support of the Asian community, illegal gambling operations may decrease in number and pave the way for police agencies to deal effectively with those illegal games that continue to operate.

ILLEGAL INTERNET GAMBLING

Internet gambling is illegal in Canada because it is unlawful to provide gambling sites in Canada except under provincial authority. The existence of Internet gambling has created legal, jurisdictional, and moral concerns because it competes with legal gambling formats, operates without regulation, and is open to serious criminal abuse.

Findings

- Internet gambling has immense growth potential because the technology is readily available, millions of people worldwide are on-line, and the gambling operations exist in "cyber-space," which puts them beyond provincial laws and regulatory controls.

- Because the present laws against Internet gambling are inadequate and unenforceable, consumers are vulnerable to crimes such as fraud, credit card theft, and cheating. Moreover, there is no way for provinces to stop under-age gamblers from playing.

Implications

Western Canadian legislators have a difficult choice to make with respect to Internet gambling. Do they permit and regulate this form of entertainment, perhaps operating Internet gambling themselves, or do they continue declaring Internet gambling to be illegal, and attempt to keep it out of the western provinces? Jurisdictions throughout the world face the same predicament; and so far the trend is for Internet gambling to be legalized as has been done in Australia. Legalization seems likely because prohibition is futile in the face of advanced technology, the Internet avoids domestic prohibitions, and there is tremendous potential for governments to raise large amounts of revenue.

Assaults, drunk and disorderly behaviour, spousal abuse, and child neglect are common misdemeanors in gambling environments.

LEGAL GAMBLING AND CRIME IN CANADA

Gambling, per se, can hardly be construed as deviant behaviour given that many formats are now legal and 90% of the adult population indulge in the activity on a yearly basis (Wynne Resources, 1998). The deviant label may apply to gambling when it preoccupies the player to the extent that family, job, or school responsibilities are ignored; crimes are committed to support the habit; cheating is involved; or it is engaged in illegally. This study focuses on these aberrant forms of gambling that require the attention of social control agencies.

Arguably, there are four main reasons why Canadian jurisdictions seek to circumscribe their citizens' gambling behaviour:

1. To ensure that the legal games are fair and honest.
2. To uphold the Criminal Code by minimizing unlawful gambling.
3. To protect provincial monopolies so that the major portion of gambling proceeds are channeled into government treasuries or into the coffers of licensed charitable, religious, or non-profit groups.
4. To mitigate the effects of pathological gambling.

Although the lines of authority may sometimes overlap, the agencies charged with regulating gambling in western Canada are municipal police forces, the Royal Canadian Mounted Police (RCMP), and the Special Investigation Divisions affiliated with provincial government gaming and liquor authorities.

The Criminal Code specifies the range of sanctioned gambling activities in Canada that provincial governments can operate or license, but it by no means standardizes the nature and extent of legal gambling across provincial boundaries. Given their discretionary power to opt in or out of the various legal gambling formats, provinces differ in terms of the betting menus they offer.

In western Canada, all provinces offer charitable bingo and raffles, "Nevada" tickets, sports pools, lottery games, instant scratch tickets, parlay-style sports betting schemes, and horse racing. All western Canadian provinces also provide casino gambling, albeit under different regulatory frameworks. In Manitoba and Saskatchewan, casinos are owned and operated by the government (Saskatchewan also has four First Nations casinos that are managed by the

Saskatchewan Indian Gaming Authority); in Alberta, the government licenses charitable groups to conduct two-day casinos which are hosted and operated by private gaming companies; and British Columbia has a hybrid arrangement whereby licensed casinos are owned and operated by private corporations who are contracted to pay a percentage of the profits to the government. Other key differences include VLT gambling being available in the three prairie provinces, but not in BC, as well as First Nations casinos existing in Saskatchewan.

A gambling industry executive used the term "laughable" to describe the new federal government money laundering rule; the big guys already know how to get around it."

CRIMES ASSOCIATED WITH THE LEGAL GAMBLING SCENE

The legal gambling milieu attracts opportunistic criminals because of the ready availability of cash. The crimes engaged in might be gambling-related (e.g. cheating and race fixing) or crimes that take advantage of the gambling environment (e.g. theft, counterfeiting and loan sharking).

Legal gambling operators take strict precautions to protect their assets and the integrity of the games they offer; these include security personnel to guard the money and keep the peace, supervisors to oversee the games or races, and surveillance cameras to identify and record suspicious or illegal behaviour. A typical large western Canadian charity casino employs twenty security officers, six of them on duty during operating hours; a typical racetrack has twenty-five security officers on the payroll, seven of which are full-time.

Sergeant Bob McDonald believes we are naïve to assume that organized crime has lost interest in gambling just because governments have legalized it. In fact, McDonald argues that expanded legal gambling makes Canadian society more tolerant of illegal gambling.

Both casinos and racetracks have a vested interest in making their premises safe and pleasant and their gambling formats above-board. A boisterous drunk at a table or an angry spouse dragging a problem gambler from the premises creates unwanted attention for the gambling venue. Failure to keep these public disturbances under control would likely result in a mass exodus of patrons. On the other hand, there is less incentive for operators to root out a disreputable activity such as money laundering because it contributes to their wagering totals and generally goes unnoticed by the average customer. Casinos and racetracks cater to "high rollers"; they set aside special tables, rooms, and boxes for their convenienc and the source of their betting funds is of little concern to the gambling industry.

Findings

- Gambling venues, notably casinos and racetracks, act as magnets that attract certain types of crime. For instance, it is well known that casinos and racetracks are preferred locations for laundering the proceeds of crime.

- Security staff at these venues concentrate on ensuring the safety of the employees and customers, protecting the assets of the business, and protecting the honesty and fairness of the games. They are less concerned with criminal activities such as loan sharking and money laundering that do not directly affect their business operation.

Implications

Through their security operations, casino and racetrack executives can effectively identify and control criminal activities that impinge on their operations. Police officials, on the other hand, have had limited success in dealing with the spin-off crimes associated with these venues. New tools—such as disclosu requirements for

gamblers wishing to wager more than $10,000 in casinos—have had minimal utility in arresting money launderers. Strategies for surveillance, information exchange, and joint investigations should be explored and a formal arrangement worked out amongst law enforcement agencies, provincial gaming regulators, and gambling industry security personnel to suppress spin-off crimes in legal gambling venues.

There are a number of direct actions that can be taken to improve the integrity of the racing industry, including making public recent veterinarian work done on horses and violations of track and racing corporation rules; life suspensions and criminal charges for administering certain banned substances; and not allowing jockeys, drivers or trainers to bet at the racetrack.

One of the main forms of illegal gambling in the four western provinces is bookmaking.

THE IMPACT OF LEGAL GAMBLING ON ILLEGAL GAMBLING

Expanded legal gambling can reduce illegal gambling if the legal format competes favourably with the services and payouts offered by illegal gambling operators. For instance illegal lotteries, raffles, and bingos are less prevalent with the expansion of legal formats and where there is legal electronic gambling, there are fewer illegal machines than in provinces that outlaw electronic gambling. On the other hand, illegal gambling formats such as poker rooms and sports bookmaking flourish because their legal counterparts are unable or unwilling to provide the same services or betting options.

The police and justice system tend to take a laissez-faire approach to sports betting and bookmakers can undercut the legal Sport Select game by providing more attractive wagering propositions and better services.

Findings

- In western Canada, expanded legal gambling has a dampening influence on some illegal gambling formats, a negligible effect on others, and in some cases, may stimulate the growth of illegal gambling.

Implications

To eliminate the main forms of illegal gambling, provincial governments must make their own competing games more consumer-friendly in addition to devoting more resources to policing the illegal games.

What is ironic about the legal-illegal gambling comparison is that the main forms of illegal gambling in western Canada, sports bookmaking and unlicensed card rooms, appear to be relatively benign in terms of fostering a gambling addiction. On the other hand, VLT gambling, which is legal in three of the western provinces, is the format most closely linked to problem gambling (Wynne Resources, 1998). In this instance, the legal product may be riskier for communities and individuals than the illegal offerings.

CRIMES OF THE PROBLEM GAMBLER

Little is known about the crimes commited by problem gamblers to feed their illness. Gambling researchers are beginning to understand the scope and nature of problem gambling but, to date, the best available research can not describe the relationship between problem gambling rates and crime rates. From previous studies (Wynne Resources, 1998; Gemini Research and Angus Reid Group, 1994) it is known that 3% to 5% of western Canadians have a gambling problem; VLTs are the gambling preference for the majority of problem gamblers; and that problem gamblers

contribute a much higher portion of VLT, horse racing, and casino proceeds than expected based on their numbers in society.

"The irony is that problem gamblers are slaves to an activity that is marketed and promoted by the government."

Police files do not systematically document whether or not a crime is gambling-motivated. Respondents recalled many cases where disordered gambling led to criminal acts, but could only speculate on how extensive the problem might be. Informants' experiences with crimes committed by disordered gamblers (theft, forgery, embezzlement, fraud, and credit card scams) concurs with scholarly reports on the subject. Instances where disordered gambling precipitated domestic violence, break and entries, and suicide were also noted by informants, but because these activities are outside the vice squad purview, they have no way of knowing how frequently this occurs. Crimes of the problem gambler can have a ripple effect that is hard to detect; for example, a problem gambling drug dealer may expand trafficking operations in order to obtain more money to gamble; or a problem gambling dealer may resort to employee theft or conspire to defraud the casino because of the pressure to pay gambling debts.

"We only see the tip of the iceberg with problem gambling; the kids left in the parking lot on a hot day, the university student who has to quit school because he blew his tuition, the suicides, the psychological harm to children, much of which goes unreported."

- Law Enforcement Respondents

Findings

- The types of crimes committed by problem gamblers are well known to western Canadian law enforcement agencies, and these include theft, forgery, embezzlement, fraud, credit card scams, domestic violence, break and enters, and suicide. Less understood is the prevalence of these crimes, as police agencies do not keep statistics that show whether a particular crime is gambling-related.

Implications

Solid data are lacking on the prevalence of criminal behaviour by problem gamblers and why some problem gamblers commit crimes and others do not. Furthermore, a better understanding of the ripple effect of problem gambling-related crimes is needed to determine the social and economic impact of problem gambling and, most importantly, to develop strategies to reduce this cost to society. To assist in gathering this evidence, it is imperative that law enforcement agencies begin to record crimes as gambling-related when it is clearly a factor in a criminal investigation.

It would also be helpful if each province's Justice Ministry compiled an annual report that combined gambling and crime-related police and court records with the incidents investigated by government gaming regulators and gambling venue security personnel. A document such as this would provide a much clearer and deeper understanding of how gambling affects law enforcement agencies and the justice system.

GAMBLING LAW ENFORCEMENT PRACTICES

Findings indicate that official police agencies have made gambling law enforcement a low priority in terms of the manpower and fiscal resources they assign to it. To compensate for the lack of a police presence in illegal gambling oversight, provincial gaming regulatory bodies have added former police officers to their ranks and begun criminal investigations in addition to overseeing legal gambling operations. This makeshift arrangement creates gaps in gambling law enforcement that can be exploited by enterprising criminals. To remedy this situation, the police agencies either have to become more assertive in combating illegal gambling or give way

to provincial gaming regulators who have an interest in expanding their sphere of influence. Either way, direct action is required to give credibility to the gambling provisions in the Canadian Criminal Code.

Findings

- The approaches to monitoring and controlling legal and illegal gambling are similar across the four western Canadian provinces and, furthermore, there is excellent inter-agency cooperation in terms of intelligence sharing and joint investigations.

Law enforcement officials and gaming inspectors in all four provinces stress the excellent inter-agency cooperation that occurs in joint gambling investigations.

- Municipal police services and the RCMP have limited resources to investigate illegal gambling activities, whereas the resources available to provincial gaming regulators to oversee legal gambling have increased as gambling has expanded. In fact, provincial gaming authorities and casinos are hiring experienced law enforcement agents to assist with investigations and security operations. In view of this trend, provincial gaming regulators are proposing that they also be authorized to conduct illegal gambling investigations.

Collaborative activities include exchanging information, combined investigations and training sessions, and shared equipment.

- The consensus of both police officials and gaming regulators is that legal gambling formats are well regulated, but that illegal gambling enforcement is severely deficient. This imbalance may be due, in part, to the fact that gaming regulators have powerful financial deterrents at their disposal (i.e. the authority to suspend or withdraw gaming and/or liquor licenses). In contrast, although police investigations carry the ultimate threat of incarceration, few cases reach the courts and, when they do, the penalty is usually a token fine, with jail time being a rarity.

Implications

Although law enforcement agents and gaming regulators have worked cooperatively in the past, this professional relationship may be in jeopardy as police agencies' resources are diminished and they lose experienced personnel to provincial gaming commissions. Police agencies do not have the necessary manpower to enforce the Canadian Criminal Code provisions pertaining to illegal gambling, and while gaming regulatory bodies do not have this mandate, they have the resources, expertise, and desire to take on the job. As suggested earlier in this section, a western Canadian inter-provincial "gambling task force" should be formed to suppress illegal gambling. This multi-stakeholder entity would have the added advantage of forestalling future "turf wars" amongst the law enforcement and provincial gaming regulatory agencies involved.

THE COURT SYSTEM AND GAMBLING CRIME

Several general observations can be made based on the review of gambling-related criminal cases in western Canada and discussions with senior justice system officials: (1) gambling-related crime is not an urgent matter for the courts; (2) based on their sentencing patterns, judges and justices view illegal gambling violations as non-serious, victimless crimes and are generally unaware that illegal gambling operations are often linked to more serious crimes; and (3) there is a growing perception among the judiciary that a small number of citizens are becoming addicted to VLTs, some of whom are engaging in criminal acts to support their habits.

The Queen's Bench justices interviewed indicated definitively that, in their courts, criminal cases wherein gambling is a major factor are virtually non-existent. One justice comments that "in 24 years on the bench, I can only recall one case of theft by fraud where the accused had a gambling problem." Another justice indicated that he "couldn't recall a single case in 7-years on the Queen's Bench." Each of the Queen's Bench justices are aware of criminal cases involving a gambling element, notably those which involved a theft, fraud or robbery perpetrated by an accused with an addiction to video lottery terminals (VLTs). The judicial system informants did say that there had been an increased number of cases involving white-collar crimes and VLT addiction and retirees committing crimes to support a gambling habit in the past few years. They point out, however, that these cases are infrequent and invariably heard by judges at the provincial court level; seldom do these criminal cases go to trial at the Court of Queen's Bench.

Gambling is cited for two main purposes in the family law cases reviewed, namely; it is presented as a factor that should prevent the gambler from having custody of the child or children, or it is presented as a relevant determinant in ending the marriage and dividing up matrimonial assets.

92 The justices' and judges' comments are even more telling when placed in the context of all the cases that they preside over. For instance, one provincial court judge estimates that he dispatches 1,000 cases per month, and it is not unusual in one community to be faced with a 15, 20 or even 30 page court docket with 20 items on a page (not counting traffic tickets). Most of these cases are not defended and are dispensed with quickly, as with a guilty plea; nonetheless, the volume of cases of all types is huge. In the context of the thousands of cases before him, this judge comments that, in the last three years, he has "probably seen 7 to 10 theft charges" where "middle-class people in responsible positions of trust stole from their employer to support their gambling habit." In terms of other gambling related crimes, he can recall only one serious assault case "over who got to use the VLT in a bar."

On sentencing considerations the justices observed that courts are not, necessarily, more lenient because of mitigating factors such as alcoholism, drug addiction, and pathological gambling when it comes to sentencing. Rather, considerations such as the "character" of the individual, family supports, and prior convictions are more likely to be considered.

Invariably, when the accused has a gambling problem, defense counsel will bring this up at trial. As one judge quips "defense counsel always says you can't blame them, they're gambling addicts (or alcoholics, or had bad parents)." This judge generally responds by stating "people make all kinds of choices in their daily life" and that "while a gambling addiction can be an explanation as to what temptation they gave in to, it does not excuse criminal behaviour." Another judge laments that he finds "90% of the people in his court have some kind of dysfunctional problem, be it alcohol, drugs, or gambling," and moreover, "most court appearances are alcohol-related." One provincial court judge distinguishes between types of addictions when he observes that "a physical substance (drugs or alcohol) that impairs the individual is easier to sell as a defense than a psycho-social-related behaviour such as gambling addiction."

Findings

Gambling-related cases that appear before the courts in western Canada are few in number and generally of two broad types: (1) cases where obtaining money to gamble or pay gambling debts leads to criminal charges (e.g. theft, fraud, break and enter, drug dealing), and (2) cases of illegal gambling based on Criminal Code of Canada violations (e.g. cheating, illegal lottery sales, unlicensed gambling on Native lands, keeping a common gaming house).